



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

October 13, 1998

Storage Demand Increases. In what Governor Bill Graves refers to as "another example of government working with agriculture and agribusiness to address the multiple storage and marketing problems...", the Kansas Department of Agriculture is taking steps to allow warehouses and elevators to store "open stored" grain on the ground at temporary locations. Open stored grain is that which remains in the ownership of farmers, while being stored at a warehouse or elevator facility for a certain period of time. Handling costs will be recovered through a dumping fee that the State Department and USDA are allowing licensed elevators to charge. With only half of the fall season's corn, sorghum, and soybeans harvested, Kansas farmers have already asked that they be allowed to store over 61 million bushels of grain on the ground, half of the total amount stored on the ground last fall. Before a facility accepts grain for ground storage, it must first seek the approval of the Kansas Department of Agriculture's grain warehouse program. Similar storage problems are becoming evident in Nebraska, where a recent survey of commercial grain warehouses revealed that there will be a space shortage for approximately 30 to 35 million bushels of grain. Rod Johnson, of the Nebraska Grain and Feed Association (NeGFA), stated that Texas elevator operators had heard of the survey and offered storage space, which is available due to their summer drought. However, Johnson stated, "I'm not sure if any Nebraska elevators will take them up on it because of freight costs and low prices." (*AP, Bridge News*)

Demand For Rail Transportation Remains Light. Having invested in additional railcars and locomotives since last year's transportation crisis, some railroads are now realizing that car demand remains less than expected. Farmers, faced with record production levels of corn and soybeans, along with low demand and low prices, are opting to store grain, instead. Until the recent fall harvest, the Dakota, Minnesota & Eastern Railroad (DM&E) had excess rail cars and locomotives. Referring to the stored grain, Lynn Anderson, a vice president of DM&E, stated, "You can't blame the farmer for not wanting to sell it." He continued, "We built our fleet because of all the concerns following last year's mess, along with the grain that was in storage that we thought would move." Anderson cited the difficulty of forecasting export demand along with the financial problems of the Pacific Rim. The Burlington Northern and Santa Fe Railroad (BNSF) is also experiencing a problem of underutilized capacity. Reports from South Dakota are that the BNSF, with many of their railcars and locomotives sitting idle, is providing cars sooner than the shipper needs them. (*AP*)

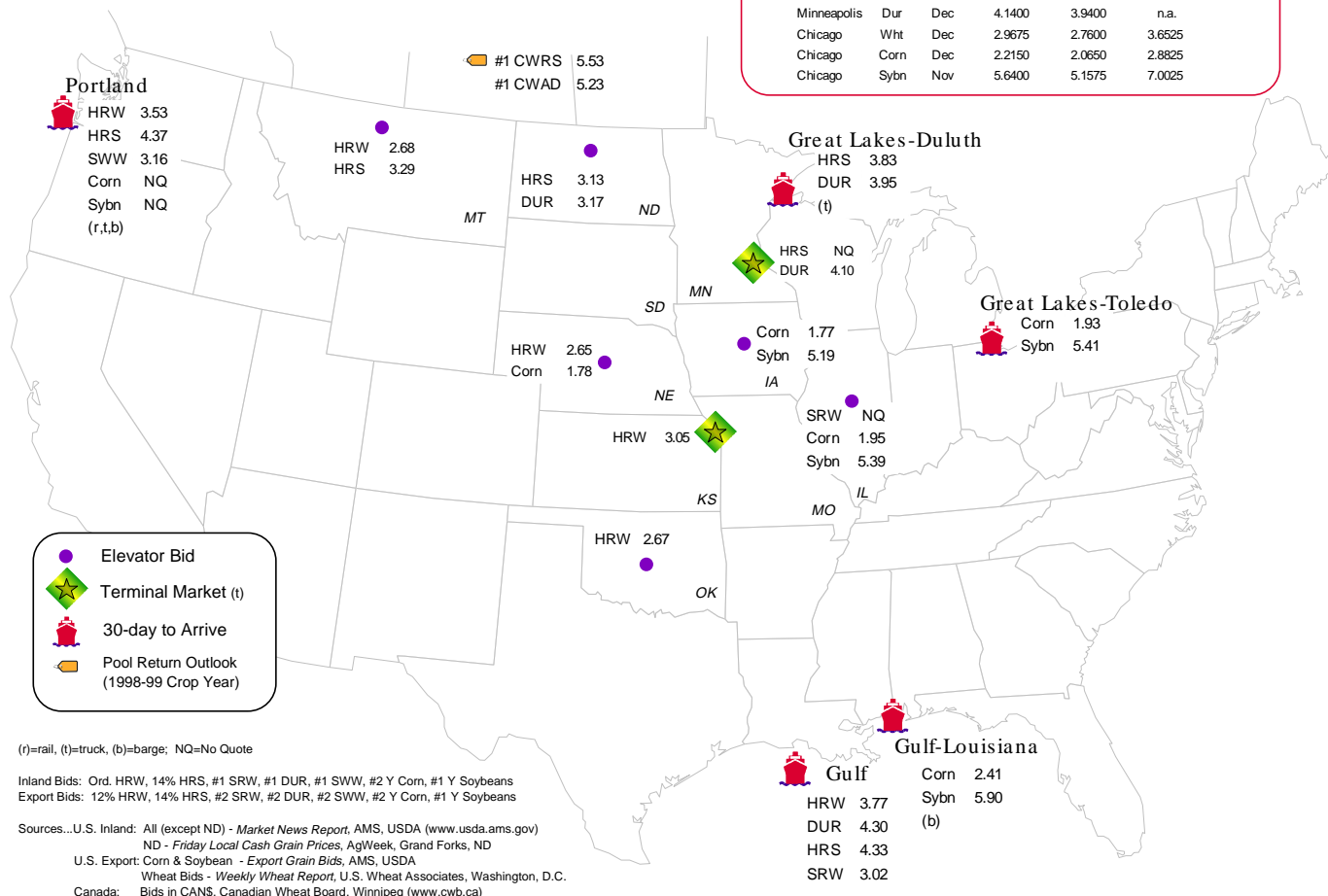
Canadian and U.S. Officials Open Talks. Ralph Goodale, of the Canadian Wheat Board, repeated that Canada is not interested in placing a cap on grain exports into the U.S., insisting that Canada is continuing to trade fairly. Bilateral discussions began in Montreal last week between Canadian and U.S. officials after South Dakota agreed to lift a blockade on Canadian trucks, and several other border States agreed to ease increased inspections. South Dakota, North Dakota, Wyoming, Minnesota, and Montana will allow Canadian trucks to pass without interference for 90 days during discussions. The States were protesting alleged unfair trade practices by Canada. In 1994-95 Canada agreed to limit grain exports to the U.S. to 1.5 million for 1 year, but has chose not to limit grain exports since. (*Bridge News*)

U.S. To Provide Bangladesh With Additional Aid. In an agreement signed last week, the United States has committed to provide an additional 300,000 tons of wheat to flood ravaged Bangladesh, bringing total food aid to that country to 700,000 tons. The U.S. initially agreed to provide 400,000 tons. Recent devastating floods in Bangladesh have killed more than 1,500 people and destroyed over 2 million tons of rice in the field, resulting in a food deficit of 4 million tons. (*Reuters*)

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Futures:				Week Ago	Year Ago
			10/09/98	10/02/98	10/10/97
Kansas City	Wht	Dec	3.2500	3.0800	3.7625
Minneapolis	Wht	Dec	3.6300	3.4900	3.9400
Minneapolis	Dur	Dec	4.1400	3.9400	n.a.
Chicago	Wht	Dec	2.9675	2.7600	3.6525
Chicago	Corn	Dec	2.2150	2.0650	2.8825
Chicago	Sybn	Nov	5.6400	5.1575	7.0025



Index - Percent of Tariff Rate

Straight Lines Indicate 3-yr Avg
Weekly Movement based on 4-Week Running Avg.

Date	Index - Percent of Tariff Rate (Approximate)
01/26/94	150
03/30/94	110
06/01/94	85
08/03/94	120
10/05/94	290
12/07/94	200
02/08/95	280
04/12/95	160
06/14/95	140
08/16/95	320
10/10/95	220
12/20/95	290
02/28/96	180
05/01/96	110
07/03/96	120
09/04/96	95
11/06/96	210
01/08/97	150
03/12/97	160
05/14/97	100
07/16/97	100
09/17/97	240
11/19/97	140
01/21/98	110
03/25/98	120
05/27/98	120
07/29/98	170
09/30/98	260

Average \$/Car for up to 6 months of trading

Legend:

- BNSF-SWAP (Green dotted bar)
- CP-GEEP (Red solid bar)
- UP-POOL (White bar with black outline)

Y-axis: Average \$/Car for up to 6 months of trading (Range: (\$100) to \$300)

X-axis: Delivery Month-Year (Range: Mar-97 to Mar-99)

Delivery Month-Year	BNSF-SWAP (\$/Car)	CP-GEEP (\$/Car)	UP-POOL (\$/Car)
Mar-97	-10	-10	0
Apr-97	-50	-10	-30
May-97	-90	-90	-90
Jun-97	-70	-70	-10
Jul-97	-60	-70	-10
Aug-97	10	-10	30
Sep-97	80	80	100
Oct-97	170	120	200
Nov-97	180	90	230
Dec-97	130	60	220
Jan-98	50	0	140
Feb-98	-10	-10	70
Mar-98	-90	-40	10
Apr-98	-140	-50	-20
May-98	-150	-50	-10
Jun-98	-90	-40	0
Jul-98	50	50	50
Aug-98	110	100	110
Sep-98	160	100	150
Oct-98	160	120	190
Nov-98	130	100	160
Dec-98	50	40	90
Jan-99	0	0	20
Feb-99	-30	0	20
Mar-99	-30	0	10

See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Nov-98		Jan-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	5,205	100%	5,303	35%
UP-GCAS	5,000	65%	no offer	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Oct-98	Nov-98	Dec-98	Jan-99
BNSF-COT	\$181	\$88	\$17	\$(6)
CP-GEEP	\$30	\$23	\$2	\$0
UP-Pool	\$21	\$61	\$13	\$7

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Nov-98	Jan-99	Feb-99
COT/N. Grain	no offer	no offer	no offer
COT/S. Grain	no offer	no offer	no offer
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
10/9/98	Lower Ohio River	twk	325
	Mid Miss	nwk	275
		10/11-10/25	280
	Illinois River	nwk	265
	St. Louis	nwk	275-280
	Ohio River	nwk	275

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

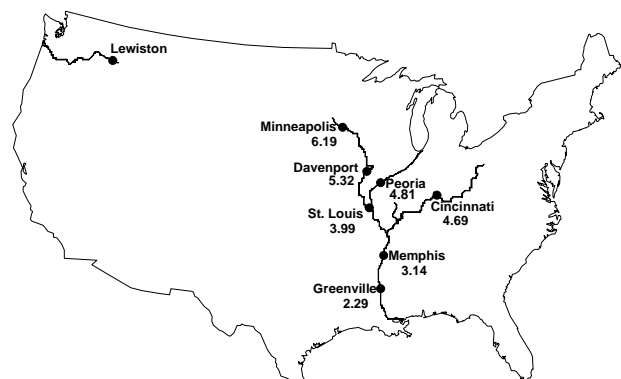
nwk=next week

Southbound Barge Freight Spot Rates

	10/7/98	9/30/98	Nov. '98	Jan. '99
Twin Cities	312	302	308	nq
Mid-Mississippi	283	290	215	nq
Illinois River	274	289	184	190
St. Louis-Cairo	288	310	168	123
Lower Ohio	282	294	213	142
Cairo-Memphis	264	294	188	119

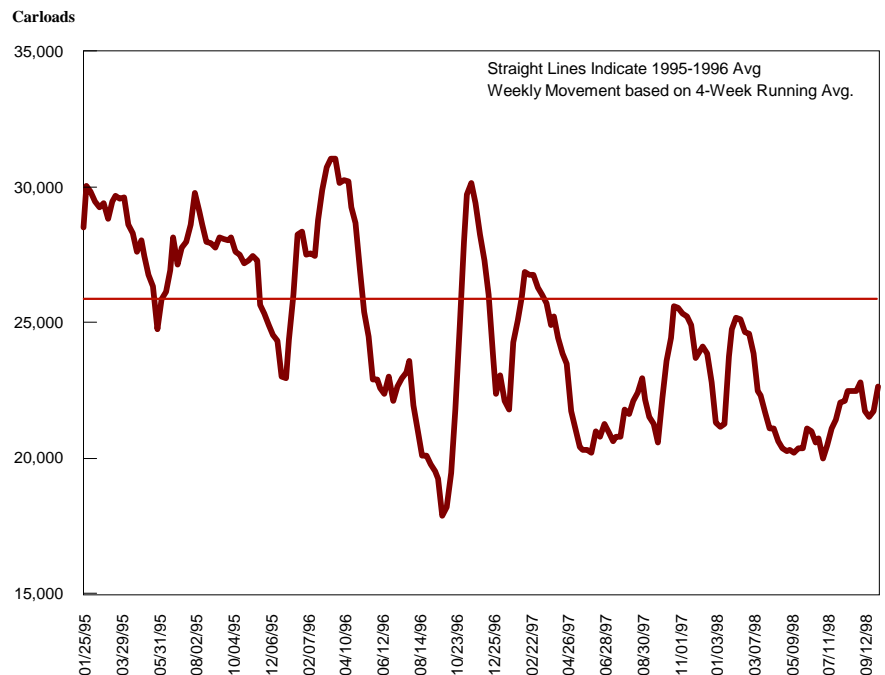
Source: Transportation & Marketing /AMS/USDA

nq- no quote

**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
9/19/98	21,702
9/26/98	22,470
10/03/98	26,883
Year to Date - 1998	862,040
Year to Date - 1997	890,200
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

			<u>East</u>		<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/03/98	800	2,633	1,840	3,027	9,701	8,300	18,719	1,905	4,961
This Week Last Year	365	1,450	1,351	2,387	9,928	664	5,996	3,742	5,832
1998 YTD	27,426	88,444	58,691	95,914	315,348	32,880	261,474	86,023	161,006
1997 YTD	18,669	80,869	58,097	87,828	316,825	25,297	296,985	128,848	201,082
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

October 1998

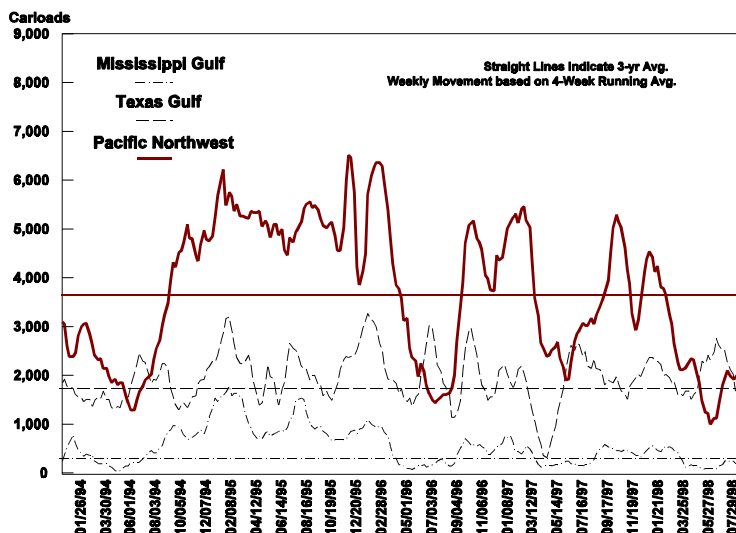
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
10/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
10/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$14.97	\$0.50
10/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$4,012	\$36.41	\$1.20
10/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$35.44	\$1.17
10/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
10/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
10/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
10/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,230	\$29.31	\$0.97
10/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,930	\$26.59	\$0.88
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

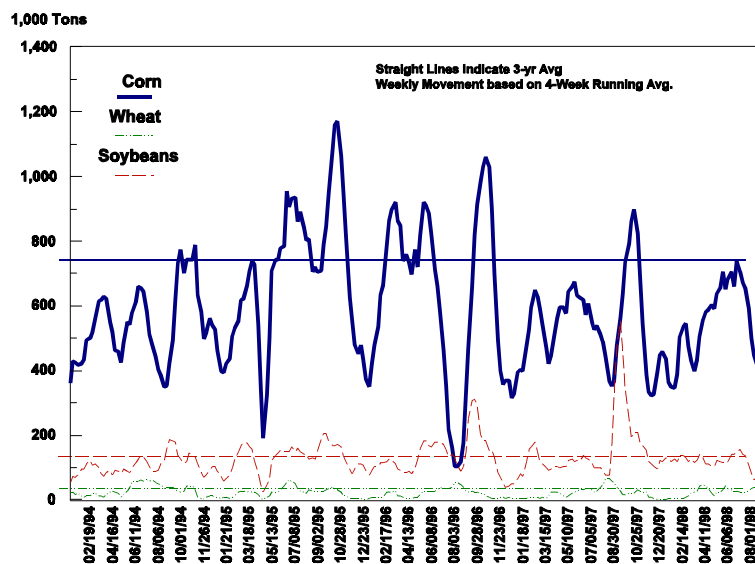
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
9/16/98	374	1,521	2,053	66
09/23/98	221	1,728	2,184	4
09/30/98	355	2,158	1,899	4
YTD 1998	11,809	80,742	99,228	6,774
YTD 1997	13,585	69,555	140,044	4,476
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				

Rail Deliveries to Port



Barge Movements - Locks 27



Barge Grain Movements

for week ending 10/03/98

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	226	21	56	304
Winfield, MO (L25)	238	24	79	342
Alton, IL (L26)	369	27	124	527
Granite City, IL (L27)	376	20	121	524
Illinois River (L8)	129	3	68	200
Ohio (L52)	21	3	6	79
Arkansas (L1)	9	15	4	29
1998 YTD	21,637	2,075	5,643	31,606
1997 YTD	21,350	2,177	5,143	31,117
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
10/01/98	1,766	362	1,044	1,595	226	4,993	7,912	7,360	20,265
This Week Year Ago	1,743	765	1,020	748	403	4,378	7,487	10,370	22,235
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	4,138	715	2,346	1,748	311	9,257	3,097	717	13,071
97/98 YTD	3,933	2,484	2,429	1,968	436	11,250	3,625	979	15,854
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
10/08/98	219	111	8	184	688	187	196	42	0
1998 YTD **	7,493	3,505	439	4,124	22,567	9,260	5,568	323	624
1997 YTD **	8,672	8,033	987	5,057	22,799	11,328	4,036	970	428
% of Last Year	86%	44%	44%	82%	99%	82%	138%	33%	146%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

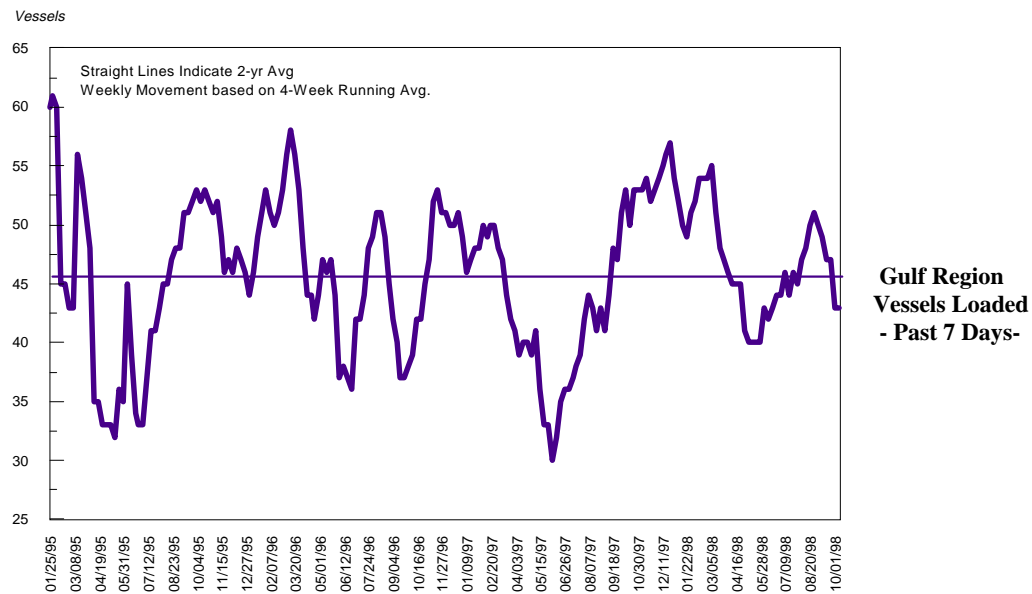
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

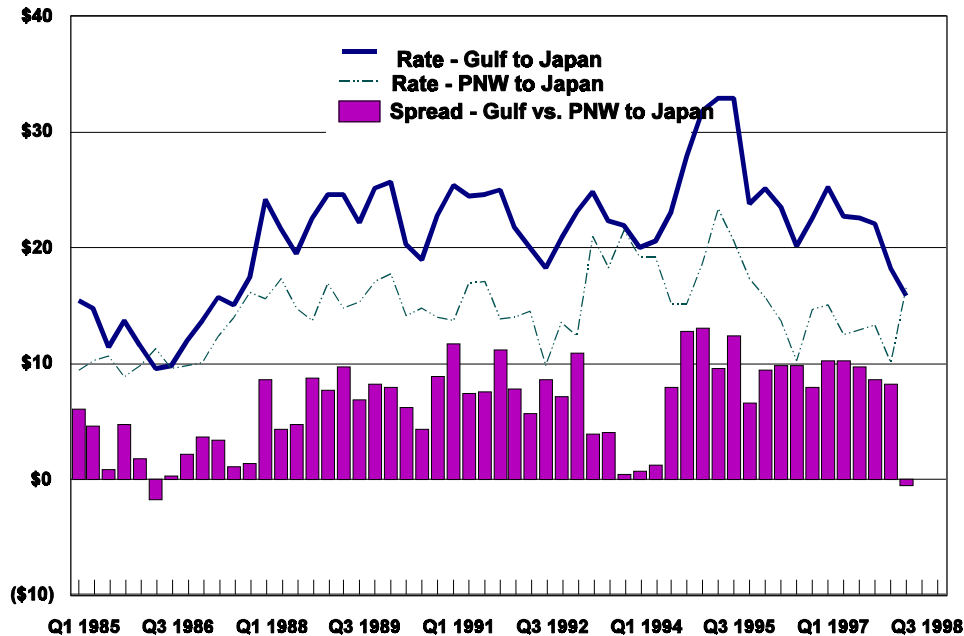
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 10/08/98			
Vancouver	968	93	15
Prince Rupert	53	0	0
Prairie Direct	66	42	33
Thunder Bay	177	53	16
St. Lawrence	258	254	0
1998 YTD Exports	1,731	441	63
1997 YTD Exports	3,609	678	427
% of Last Year	48%	65%	15%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
10/01/98	48	34	58	7			8	6	2
10/08/98	54	46	71	7			7	12	7
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 2 nd Qtr	1997 2 nd Qtr	% Change		1998 2 nd Qtr	1997 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$15.93	\$22.75	-30%	Japan	\$16.49	\$12.56	-31%
Mexico	\$12.42	\$23.19	-46%	Red Sea/ Arabian Sea			
Venezuela	\$12.27	\$13.29	-8%				
N. Europe	\$9.36	\$12.71	-26%	Argentina to			
N. Africa	\$12.83	\$16.44	-22%	N. Europe	\$13.13	\$18.24	-28%
				Japan	\$18.55	\$25.41	-27%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	China	Heavy Grain	October	42,000-55,000	\$13.90-14.75
Great Lakes	W. Italy	Heavy Grain	October	15,000-16,000	\$27.50-29.50
Gulf	Rio Grande	Grains	October	17,500	\$17.71
Gulf	Ireland	Grains	October	22,670	\$9.93
Ilichevsk (Ukraine)	So. Korea	Wheat	Prompt	55,000	\$12.85
St. Lawrence	Ghent (Belgium)	Heavy Grain	October	55,000	\$6.50
PNW	Inchon (So. Korea)	Heavy Grain	October	52,500	\$11.50
Baie Comeau (Canada)	Amsterdam	Heavy Grain	October	30,000	\$8.50
Duluth	Antwerp	Wheat	October	18,000	\$23.00

Source: Maritime Research Inc.